Coordinating health & health care
for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Implementing a Medical Home in Kansas Medicaid

Vision 2020 Committee

March 14, 2011

Dr. Andrew Allison, KHPA Executive Director

Coordinating health & health care for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Overview

- The Medicaid quality and sustainability crisis
- Medicaid cost containment efforts — remaking the program
- Implementing a Medical home in Kansas Medicaid

Coordinating health & health care
for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

The New Economy

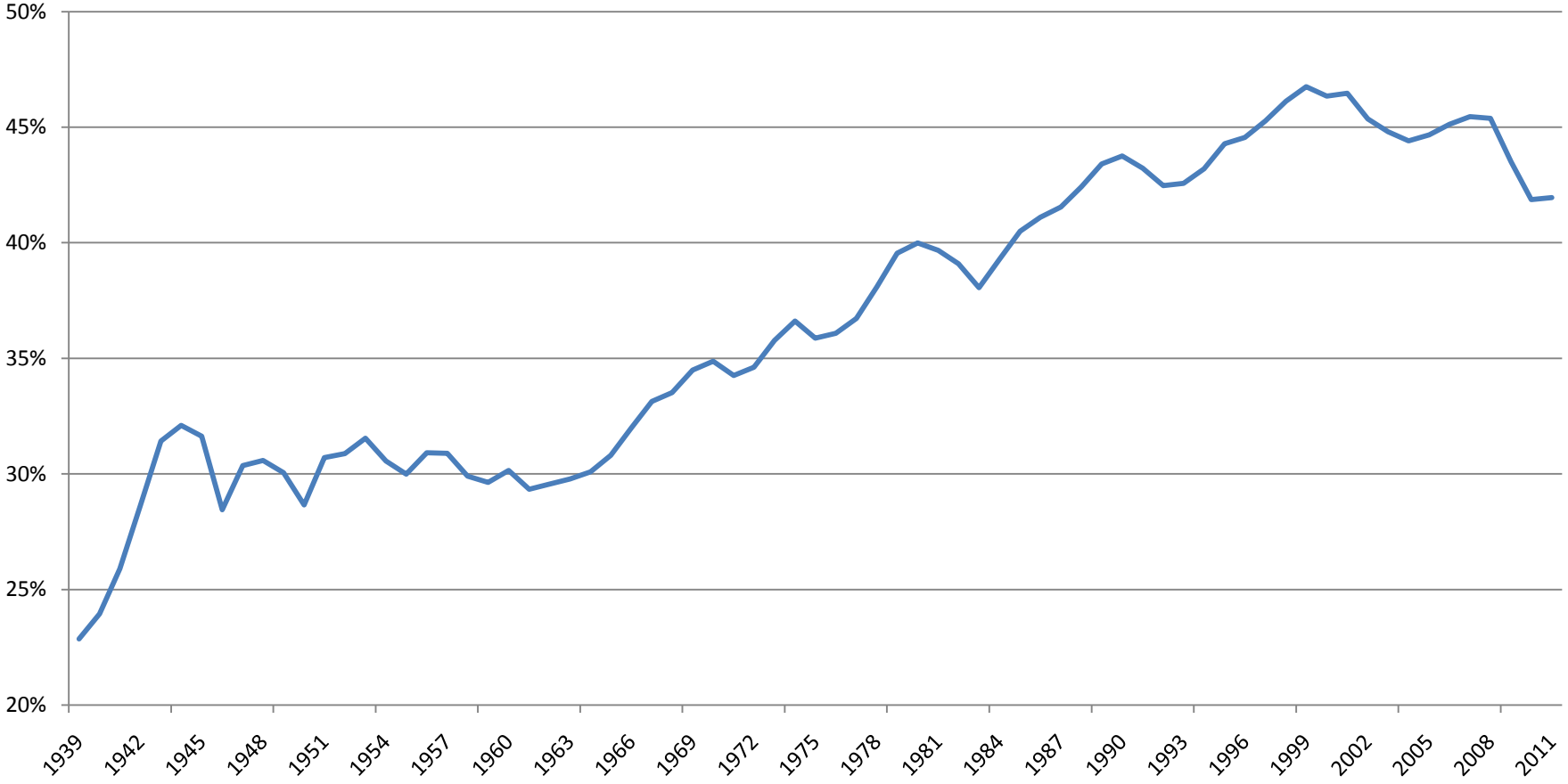
Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Fundamental Shifts in the US Economy

Percentage of US Population with Non-Farm Employment

Sources: Current Employment Statistics Survey, BLS; US Bureau of the Census



Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Impact of the New Economy on State Budgets

- States across the country are facing enormous deficits
- Possibility of credit default and "bankruptcy" is receiving serious consideration in economic policy circles
- Future economic growth is uncertain
  - Many project slow growth at the national level
  - State efforts could enhance the Kansas economy
- Projections of state deficits in Kansas range into the hundreds of millions as soon as FY 2013
- Will Medicaid costs continue to drive state spending and exacerbate deficits?

Coordinating health & health care for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Growth in Medicaid Spending Nationally

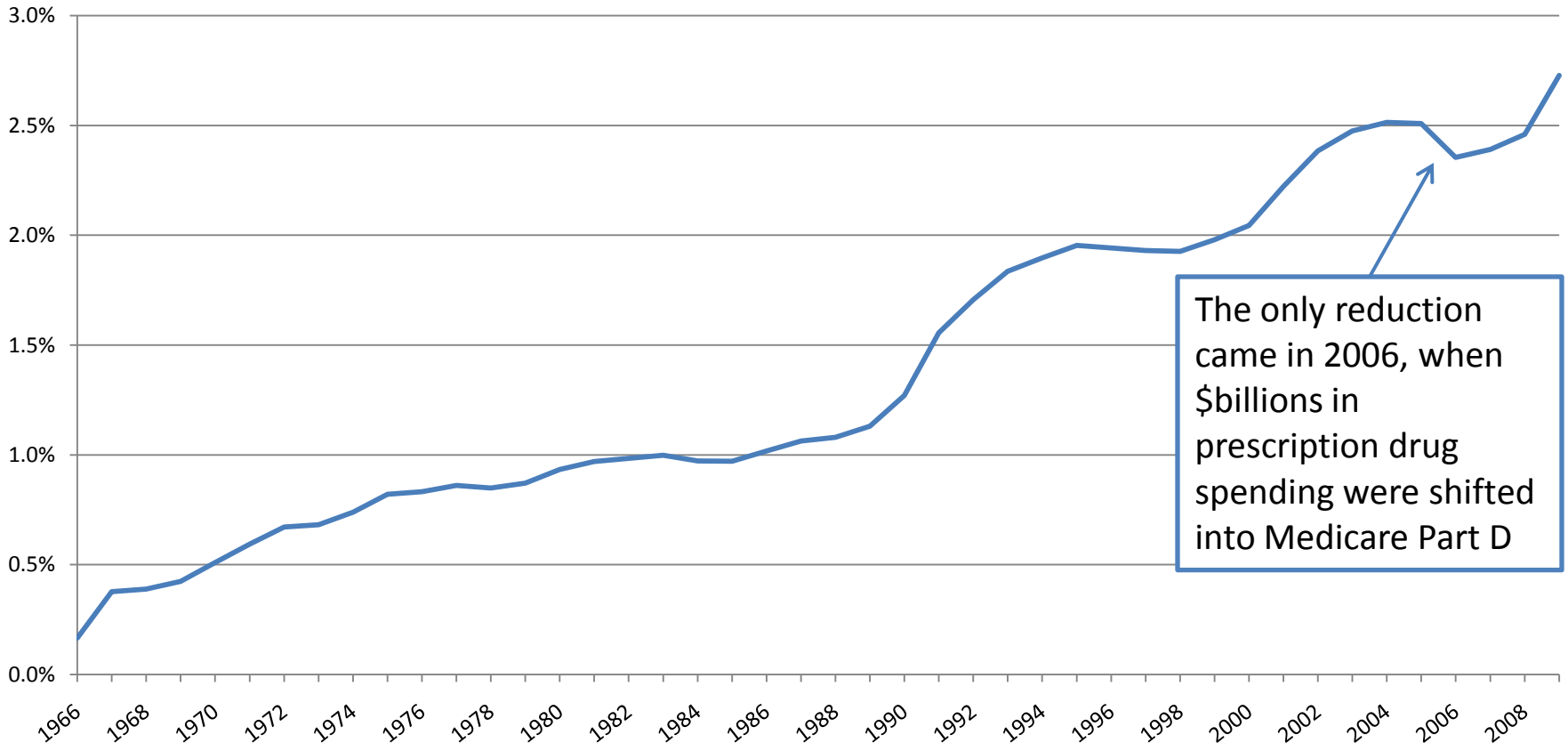
Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Medicaid's Growth Outpaces the National Economy

Total Medicaid and CHIP Spending as a Percentage of GDP

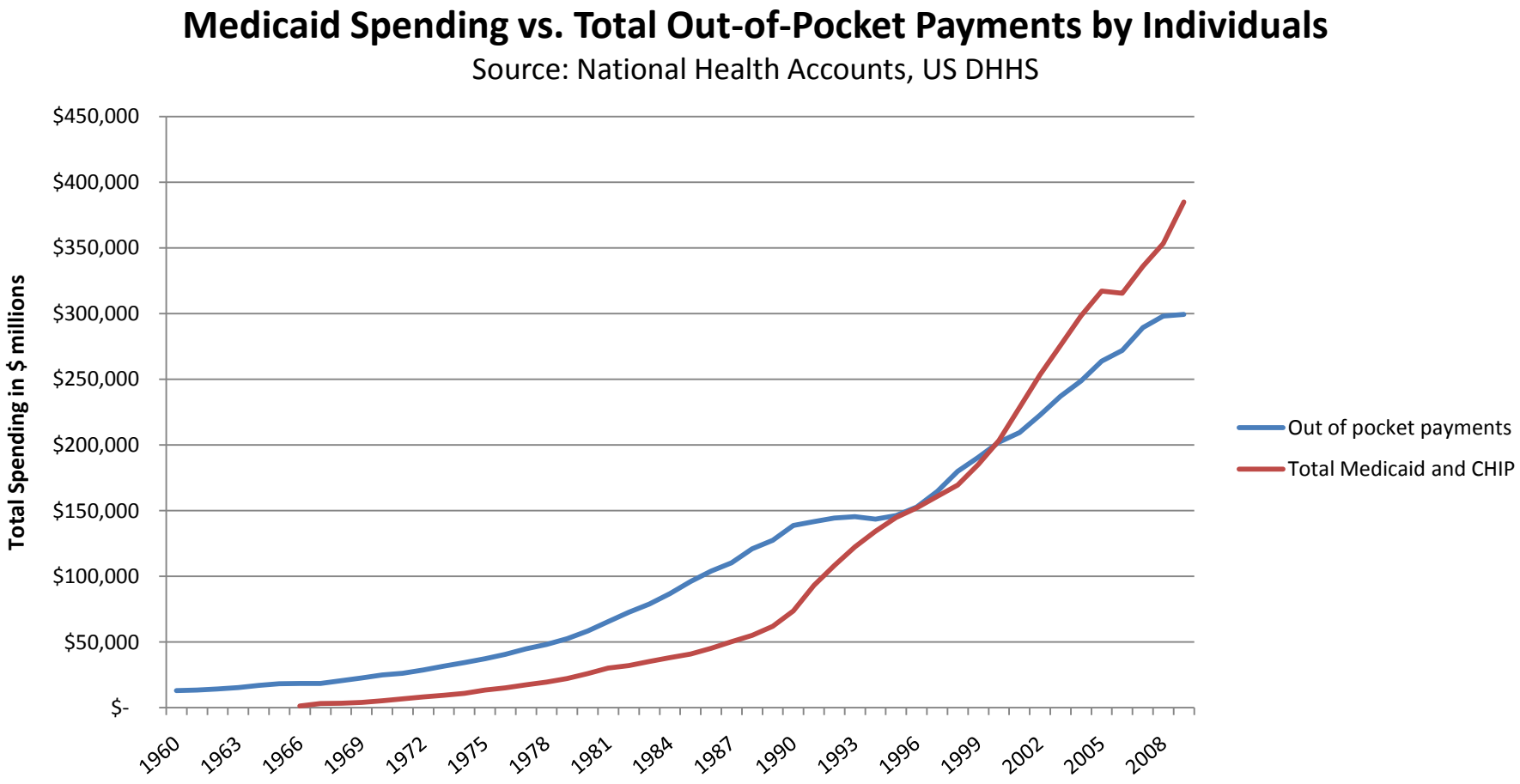
Sources: National Health Accounts, US DHHS; US National Product and Income Accounts, BEA



Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Medicaid's Growth Outpaces Individual Spending



Coordinating health & health care for a thriving Kansas

KHPA™

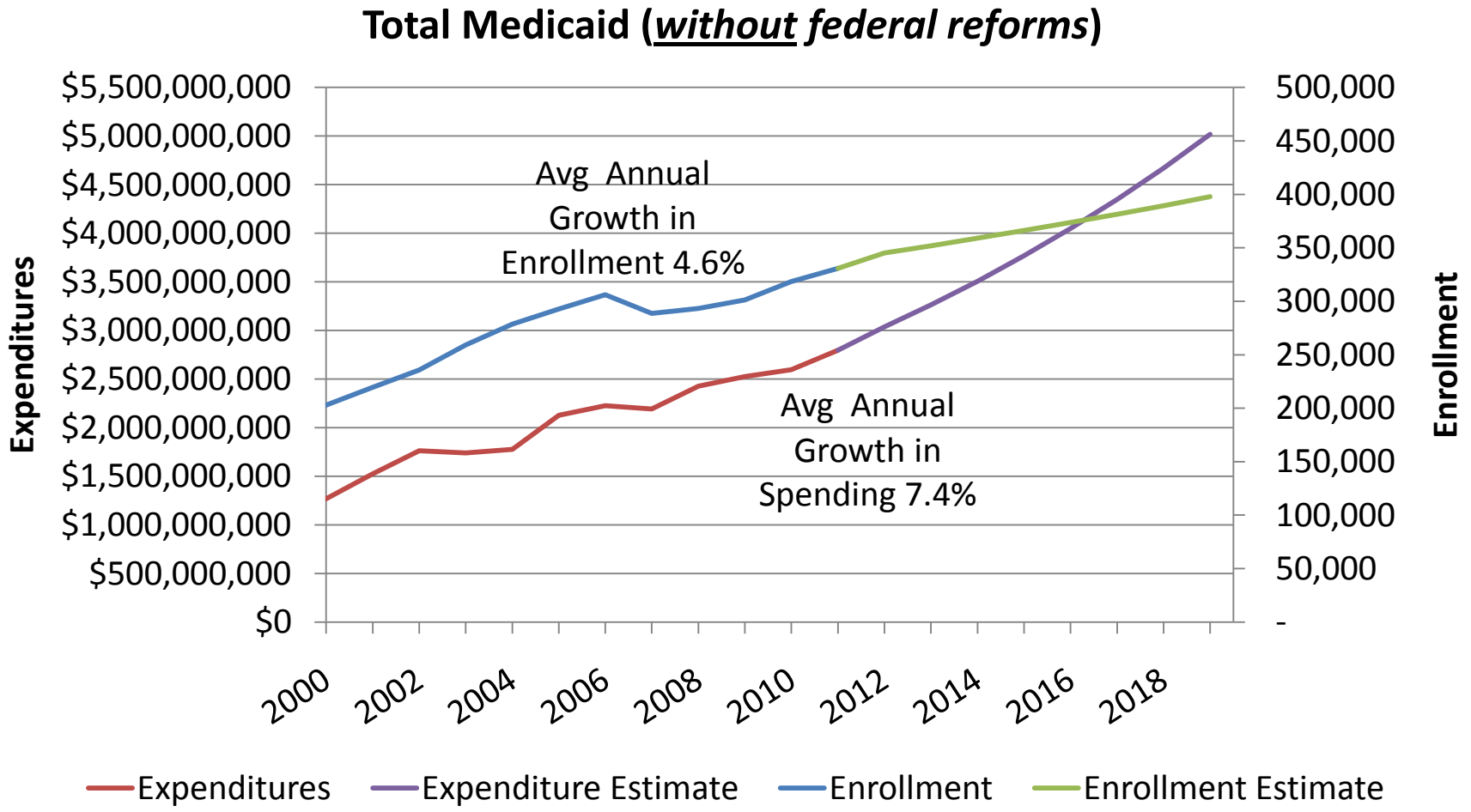
KANSAS HEALTH POLICY AUTHORITY

Growth in Medicaid Spending in Kansas

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Potential Growth in Kansas Medicaid*

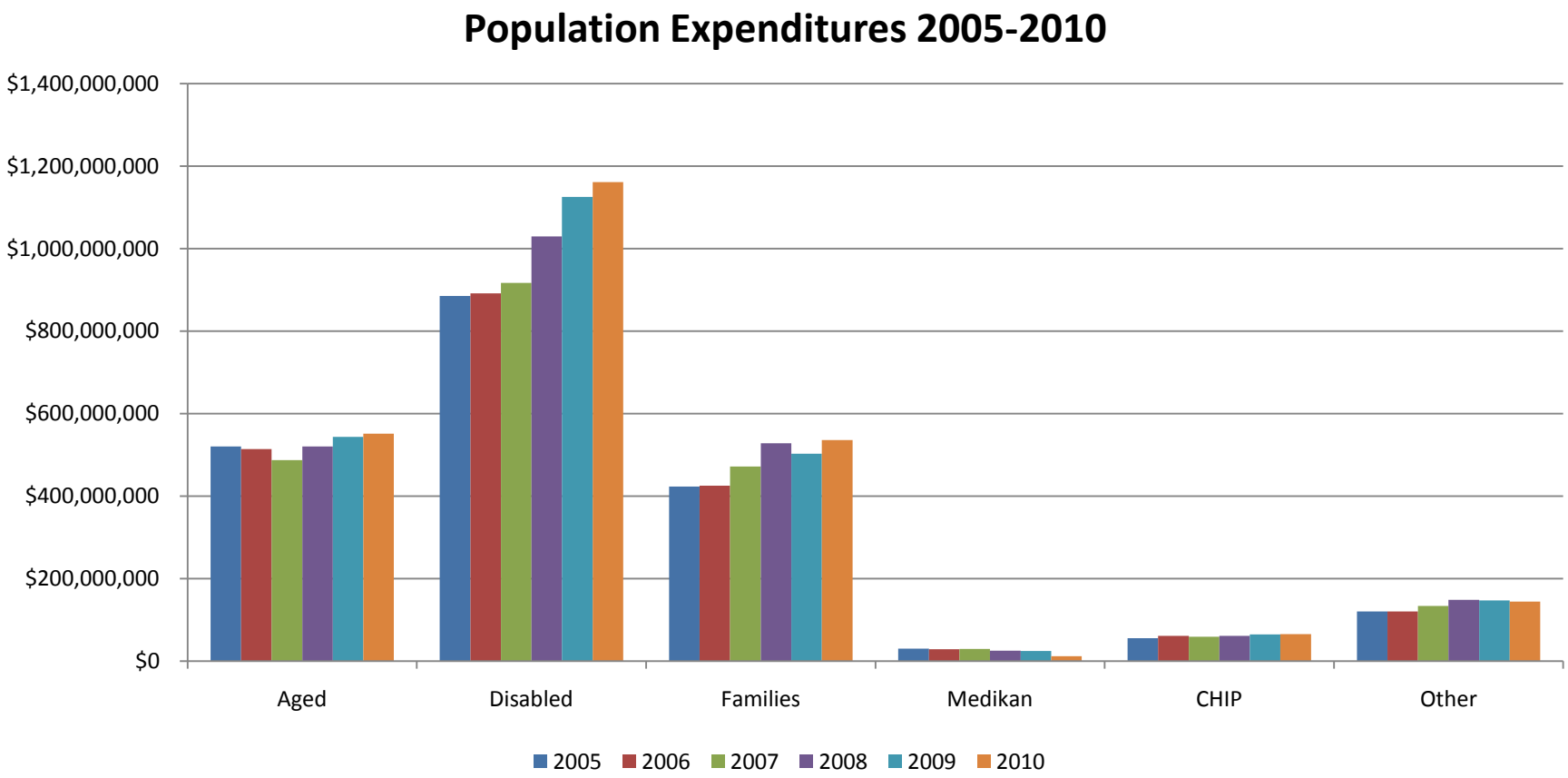


*Preliminary estimates. New projections will follow consensus caseload process in April 2011.

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

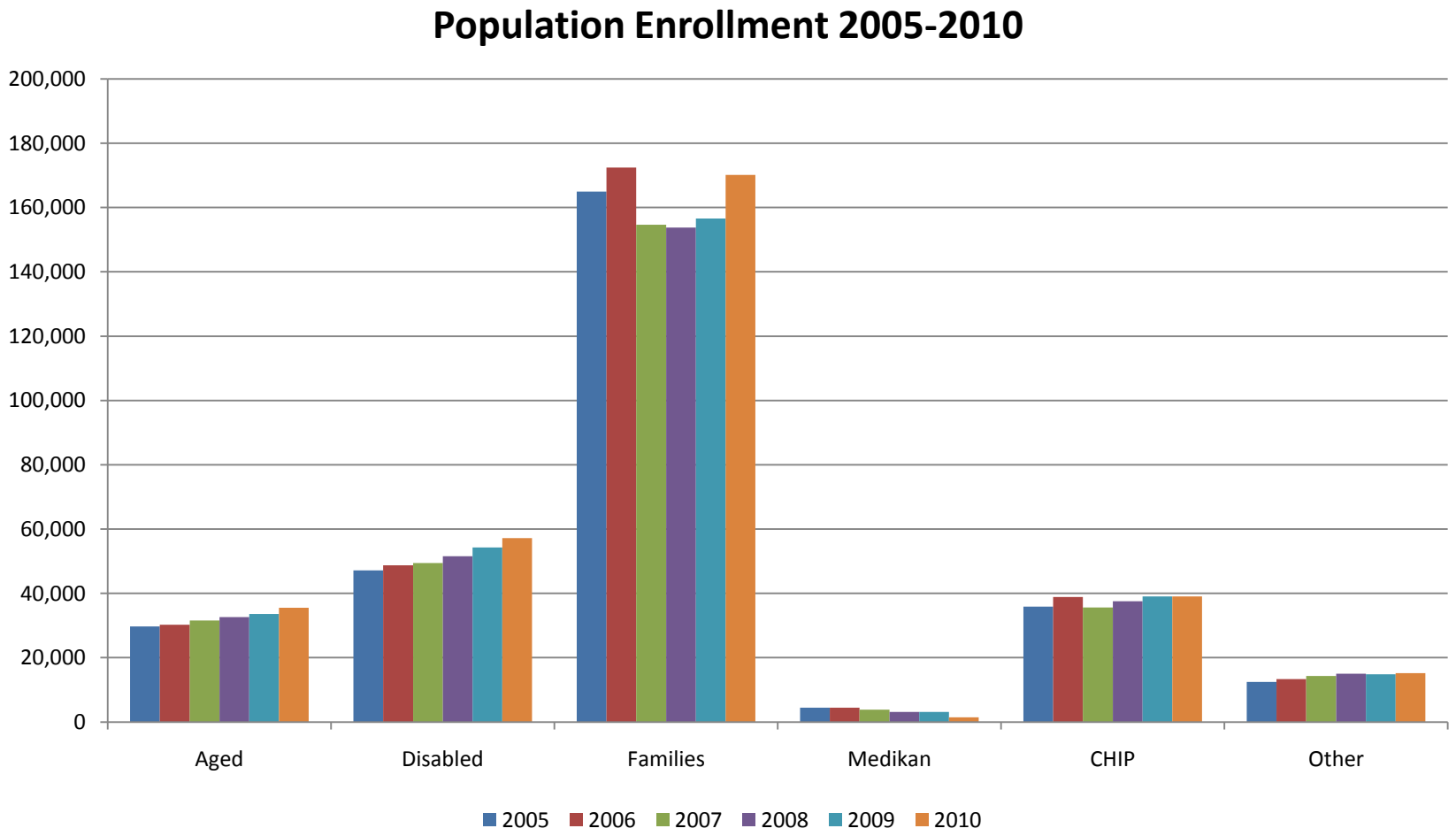
Recent Growth in Spending by Population



Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

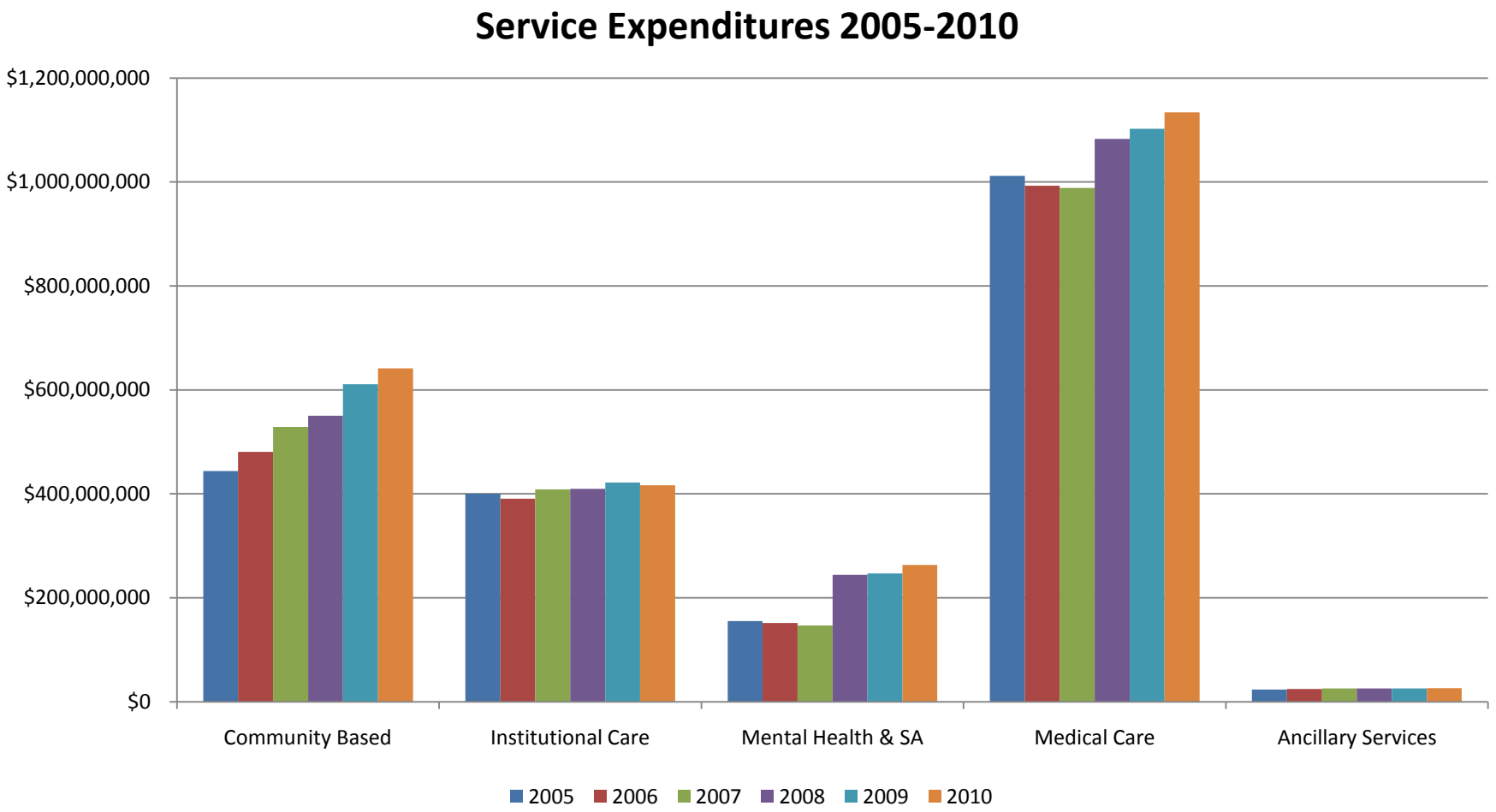
Recent Growth in Enrollment



Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Recent Growth in Spending by Type of Service



Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Concentrations of Program Dollars Across Populations and Services

Population

Service: Total Spending (SFY 10; $ millions)	XXI-Children in CHIP	XIX-Adults and children	Disabled	Elderly	Other & MediKan	Total
Physical health	61	494	450	107	76	1,187
Behavioral health	4	33	102	12	32	184
Substance abuse	NA	8	7	0	7	22
Nursing facilities	NA	0	111	312	1	424
HCBS	NA	NA	479	121	8	608
Total	65	535	1,149	552	124	2,425

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Existing Silos in Medicaid Service Delivery

Population

Service

Purchasing Program	XXI-Children in CHIP	XIX-Adults and children	Disabled	Elderly	Other & MediKan	Managing Agency
Physical health	HealthWave MCOs	HealthWave MCOs; HealthConnect PCCM	HealthConnect PCCM and FFS	FFS	FFS	KHPA
Behavioral health	CHIP MCO	PAHP	PAHP	PAHP	PAHP	SRS, KHPA
Substance abuse	CHIP MCO	PIHP	PIHP	PIHP	PIHP	SRS, KHPA
Nursing facilities	N/A	FFS	FFS	FFS	FFS	SRS, KDOA
HCBS	N/A	N/A	PD, DD, TBI, SED, TA, Autism, and CBA waivers	FE waiver	TA,DD waivers	SRS, KDOA

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Trends in State Medicaid Spending

- Long-run trends in Medicaid spending are driven by widespread increases in enrollment and spending per person
- Most spending, and most of the growth in Medicaid spending, is attributable to the aged and disabled populations
- The Medicaid cost crisis cannot be addressed without reducing growth in spending across all Medicaid populations, but especially among the disabled
- The state is in the midst of a sustained period of accelerated growth in the number of newly-disabled recipients as baby boomers reach the age of onset of acquired disability
- Medicaid spending is spread widely across service types, funding streams, and state agencies – often for the same population

Coordinating health & health care for a thriving Kansas

KHPA™

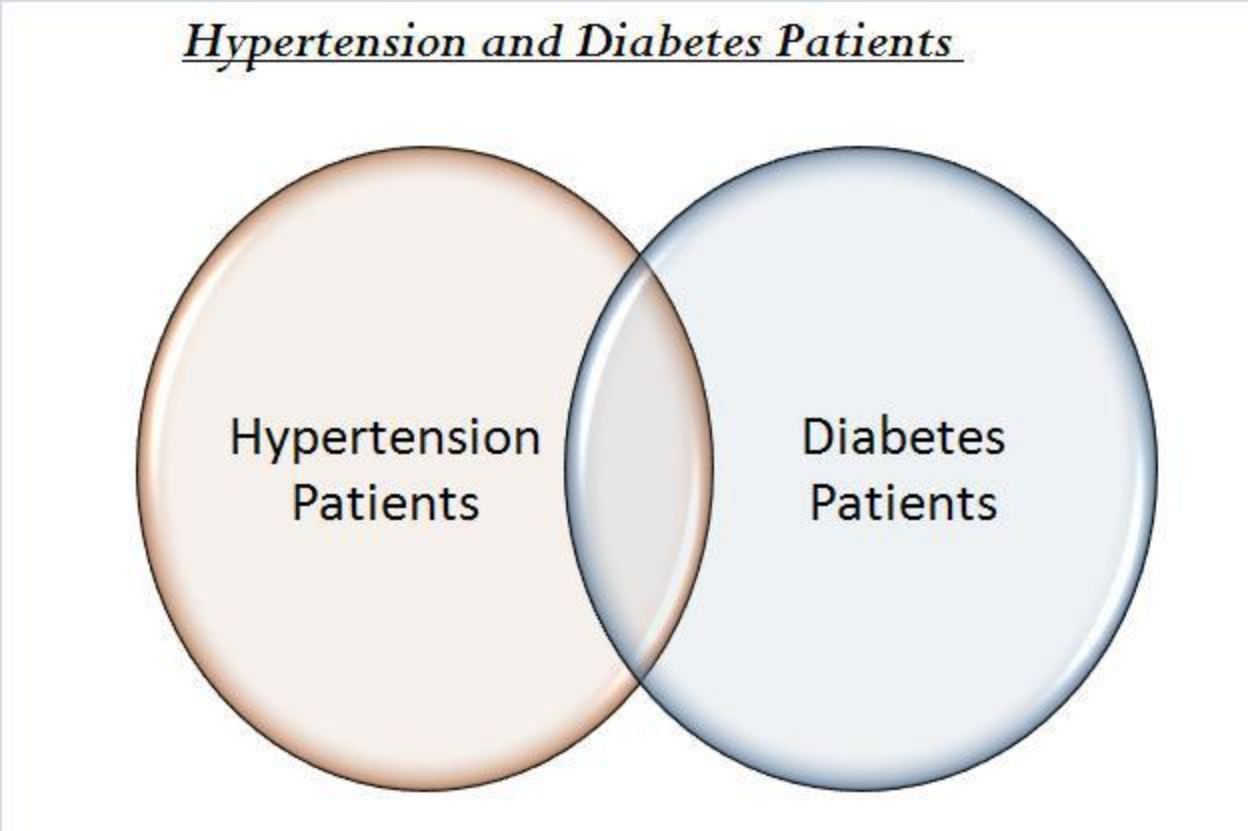
KANSAS HEALTH POLICY AUTHORITY

A Focus on the Disabled Population

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

A Picture of Chronic Conditions Among Disabled Recipients



Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Chronic Conditions Among Disabled Recipients

SSI Disabled Hypertension Patients Expenditure by Episodes of Care

Episode of Care	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure
*Mental Health	$ 19,470,626.53	$ 10,545,687.92	$ 6,858,631.14
Diabetes	$ 8,933,706.96	$ 10,459,032.98	$ 9,670,361.45
Mental Hlth - Schizophrenia	$ 10,451,819.31	$ 6,997,382.24	$ 6,858,631.14
Hypertension, Essential	$ 8,277,959.76	$ 7,269,614.69	$ 7,160,513.93
Pneumonia, Bacterial	$ 4,505,617.72	$ 5,807,120.88	$ 6,002,822.42
Coronary Artery Disease	$ 5,208,510.50	$ 5,407,204.51	$ 5,417,332.81
Condition Rel to Tx - Med/Surg	$ 4,547,452.49	$ 3,898,230.61	$ 3,579,839.59
Renal Function Failure	$ 3,572,006.44	$ 3,804,726.71	$ 3,977,878.37
Osteoarthritis	$ 3,379,792.86	$ 3,822,380.31	$ 3,690,618.09
Infec/Inflam - Skin/Subcu Tiss		$ 5,681,519.28	$ 4,869,995.61
Mental Hlth - Depression	$ 3,552,531.06	$ 3,548,305.68	
Mental Hlth - Bipolar Disorder	$ 5,466,276.16		
Cerebrovascular Disease			$ 3,699,274.31
Total Expenditure	$ 57,895,673.26	$ 56,695,517.89	$ 54,927,267.72
Total SSI Population Expenditure	$ 286,412,407.71	$ 306,144,449.37	$ 321,739,482.70
Hypertension Patients Percentage of SSI Total Expenditure	20.2%	18.5%	17.1%

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Chronic Conditions Among Disabled Recipients

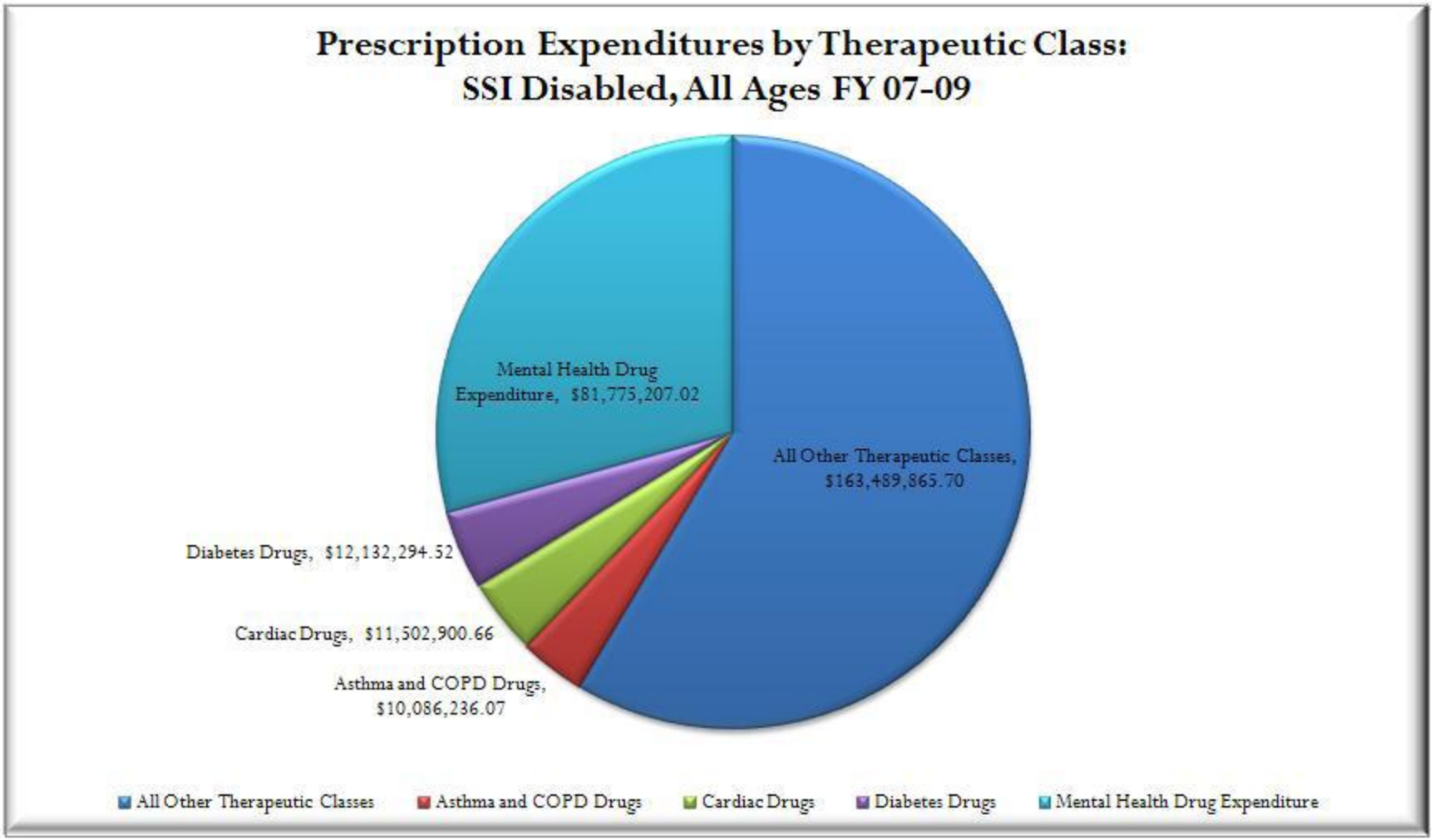
SSI Disabled Diabetes Patients Expenditure by Episodes of Care

Episode of Care	FY 07 Expenditure	FY 08 Expenditure	FY 09 Expenditure
*Mental Health	$ 14,461,090.60	$ 10,650,256.31	$ 4,917,227.58
Diabetes	$ 15,758,609.36	$ 18,078,677.22	$ 17,599,448.54
Mental Hlth - Schizophrenia	$ 7,910,255.11	$ 5,147,486.72	$ 4,917,227.58
Infec/Inflam - Skin/Subcu Tiss	$ 4,089,968.31	$ 5,703,397.89	$ 4,364,837.17
Pneumonia, Bacterial	$ 4,106,881.89	$ 4,293,006.98	$ 4,156,101.39
Coronary Artery Disease	$ 4,127,257.39	$ 3,752,721.62	$ 4,138,178.87
Hypertension, Essential	$ 3,678,536.60	$ 2,828,879.71	$ 3,185,540.33
Condition Rel to Tx - Med/Surg	$ 3,115,907.88	$ 2,990,364.12	$ 3,353,517.37
Renal Function Failure	$ 2,652,392.87	$ 2,422,917.42	$ 2,474,299.74
Mental Hlth - Bipolar Disorder	$ 3,776,999.09	$ 2,688,455.65	
Mental Hlth - Depression	$ 2,773,836.40	$ 2,814,313.94	
Chronic Obstruc Pulm Dis(COPD)			$ 2,157,424.34
Osteoarthritis			$ 2,050,514.94
Total Expenditure	$ 51,990,644.90	$ 50,720,221.27	$ 48,397,090.27
Total SSI Population Expenditure	$ 286,412,407.71	$ 306,144,449.37	$ 321,739,482.70
Diabetes Patients Percentage of SSI Total Expenditure	18.2%	16.6%	15.0%

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Chronic Conditions Among Disabled Recipients



Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Explaining Cost Growth Among Disabled Recipients

- Growth is comprised of spending across multiple chronic conditions
- Spending is concentrated in chronic conditions that extend far beyond the proximate disability
- Kansas' ongoing efforts to implement a medical home, coordinating care in a holistic fashion, appear to be steps in the right direction
- Much remains to be learned about the underlying causes of growth in spending

Coordinating health & health care for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Medicaid Cost Containment — Remaking the Program

Medicaid Cost Containment: Options

Avoiding unnecessary spending

- Available approaches to reduce Medicaid spending
  - Reduce payments
  - Reduce eligibility
  - Reduce range of services offered
  - Lower utilization through appropriate management and improved services
- Limitations on state flexibility
  - Eligibility maintenance of effort (MOE) requirement began in ARRA and was made permanent in the ACA
  - Potential legal restrictions on state flexibility to reduce payments
  - Vast majority of optional spending is for services that either improve health , lower overall costs, or could be protected by the MOE
- Remaining options are to redesign program payments, coordinate care, address unnecessary utilization and ensure positive incentives for both consumers and providers to achieve high quality care

Coordinating health & health care for a thriving Kansas
KHPA™
KANSAS HEALTH POLICY AUTHORITY

Medicaid Cost Containment: Keys to Success

- Recognizing the need for change
- Understanding the cost drivers and potential solutions
- Political ownership of the program and its challenges
- Strong leadership and a sustained effort
- Active engagement with Kansas health care community
- Coordinating care across multiple conditions and services
  - e.g., implement a medical home for high-cost populations
- Timely action and fundamental changes

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Medicaid Reform Process: Emerging Objectives

- Focus the program on the whole patient and eliminate silos in care and oversight
- Increased focus on quality and measurement of outcomes
- Recognize the role of Medicaid in the marketplace, and restore market forces to Medicaid
- Lower the overall cost of health care and Medicaid
- Deal with the contingencies of federal health reform
- Move quickly, but focus on changes over the long run

Coordinating health & health care for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Implementing a Medical Home in Kansas Medicaid

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Defining Medical Home in Kansas

- Stakeholder driven process
- Began in 2007 and occurred during 2008 Legislative Session
- Culminated with the passage of Senate Bill 81
  - Codified the definition of medical home in statute
  - Directed KHPA to establish a medical home delivery model for Medicaid, CHIP, and State Employees Health Plan
  - Directed the agency to develop systems and standards for implementing medical home model of care

Coordinating health & health care for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Kansas Medical Home Definition

- As stated in the statute, the Kansas definition of a medical home is “a health care delivery model in which a patient establishes an ongoing relationship with a physician or other personal care provider in a physician-directed team, to provide comprehensive, accessible and continuous evidence-based primary and preventive care, and to coordinate the patient’s health care needs across the health care system in order to improve quality and health outcomes in a cost effective manner.”

Coordinating health & health care for a thriving Kansas

KHPA™ KANSAS HEALTH POLICY AUTHORITY

Medical Home Stakeholder Group

- Medical Home Stakeholder Group met from summer 2008 through early 2009
  - Marketing and Communication Subgroup
  - Guiding Principles Subgroup
  - Pilot Project Subgroup
- March 2009 Kansas Medical Home Initiative was folded into the statewide health information technology (HIT) initiative
  - Information is key to the coordination of care required in a medical home

Coordinating health & health care for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Statewide HIT/HIE Efforts

- Kansas Health Information Exchange (KHIE) Board is meeting regularly and beginning to address core strategic and policy issues
- KHPA is finalizing a contract with an outside vendor to write the State Medicaid HIT Plan (SMHP) for submission to HHS later this year
- KHPA is working towards implementation of a process to support Federal Medicaid incentive payments to providers meeting Medicaid Stage 1 meaningful use requirements – target is late summer

Coordinating health & health care for a thriving Kansas

KHPA™

KANSAS HEALTH POLICY AUTHORITY

Kansas Medicaid HIE Goals

- Utilize the HIE to measure meaningful use
- Utilize the HIE to gather data needed to document and measure qualification for Medicaid incentive payments
- Utilize the HIE as needed to gather data and fill gaps in order to compute quality measures, and to help manage and coordinate care to ensure meaningful use for beneficiaries – regardless of their connection to a primary care medical home
- Utilize the HIE to facilitate a medical home and patient centered care for each individual

http://www.khpa.ks.gov/